

THE WEATHER:
Continued cool today and to-
morrow; highest temperature yes-
terday, 51; lowest, 47. Detailed report
on page 8.

The Washington Herald

SUPREMACY!
The Herald prints more Want
Ads than all other Wash-
ington newspapers combined. Why?
Results!

NO. 5293 Entered as Second Class Mail Matter at the Postoffice, Washington, D. C. WASHINGTON, D. C., MONDAY, MAY 2, 1921. SIXTEEN PAGES Copyright, 1921, by The Washington Herald Co. Published Every Morning in the Year. TWO CENTS

STOP SHOCKING EXPENSE, SAYS TREASURY HEAD

Mellon Urges Prompt Cut
In Cost of Running
Government.

SUGGESTS LOWER TAXATION SCHEME

Favors Repeal of Excess
Profits Revenue With
Other Revisions.

Asserting that "the nation cannot
continue to spend at this shocking
rate," Secretary of the Treasury
Mellon in a letter to Chairman Forney
of the House Committee on
Ways and Means says that the tax
burden under which the people are
struggling can be reduced only by
"substantial cuts in current ex-
penditures."

At the rate the government is
expending money the Secretary does
not deem possible any material re-
duction of taxes and he proposed
a revision program embodying not
so much a decrease as a redistri-
bution of taxation.

Favors New Taxes.

Mr. Mellon favors repeal of the
excess profits tax and the substitu-
tion of additional corporation taxes,
reduction of surtaxes and other re-
adjustment of income taxes, reten-
tion of the transportation and pres-
ent sales and excise taxes, but re-
peal of the soft drink and other
taxes difficult to collect, and an in-
crease in stamp taxes or levy of an
automobile license tax. A general
sales tax he is not prepared to
recommend.

The Secretary also urges restric-
tion of the incidence of tax free re-
sults, particularly by States and
municipalities. He also wants a
provision to enable a taxpayer to
deduct the net losses of one year
from the income of succeeding years.

One Billion Less.

Mr. Mellon says there will be a
deficit June 30 next of nearly \$115,-
000,000. In the next fiscal year the
government will expend about \$1,-
000,000,000 less than this year but
will have a prospective deficit of
\$18,000,000. Disbursements this year
will total \$2,602,000,000, while re-
ceipts will be \$1,590,000,000. Next
year the disbursement will be
\$2,500,000,000, including \$500,000,000
for debt retirement. Internal taxes
yielding \$4,000,000,000 a year and
the year thereafter, compared with
\$1,550,000,000 this year the Secretary
regards imperative.

Current Expenses High.

The unexpectedly heavy current
expenditures, Mr. Mellon says,
have upset calculations as to debt
retirement and the government
cannot expect to retire any of the
outstanding \$2,500,000,000 of float-
ing debt in the next two years out
of current revenues. No plan for
country "look to any plan for fund-
ing the floating debt to reduce the
burden of internal taxes during the
next two years."

Repeal Profits Tax.

"1. Repeal the excess profits tax,
and make good the loss of revenue
by means of a modified tax on cor-
porate profits or a flat additional
tax upon corporations, and the
repeal of the existing excess pro-
fits exemption applicable to corpo-
rations, to yield an aggregate re-
venue of between \$400,000,000 and
\$500,000,000.

Reduce Tax Rates.

"2. Reduce the income tax rates
and to a minimum combined and
surtax on 40 per cent for the tax-
able year 1921 and of about 33 per
cent thereafter with a view to pro-
ducing aggregate revenues substan-
tially equivalent to the existing re-
ceipts from the income tax under
existing law.

Retain the Miscellaneous.

"3. Retain the miscellaneous spe-
cific—sales taxes and excise taxes,
including the transportation tax,
the tobacco taxes, the tax on ad-
missions, and the capital stock tax,
but repeal the minor 'nuisance'
taxes, such as the taxes on fountain
drinks and view of the existing ex-
cess profits revenue act, which are difficult to en-
force, relatively unproductive, and
unnecessarily vexatious.

Impose Sufficient New or Additional.

"4. Impose sufficient new or addi-
tional taxes of wide application,
such as increased stamp taxes or a
license tax on the use of automo-
biles, to bring the total revenues
from internal taxes above suggested,
to about \$4,000,000,000 in the fiscal
years 1922 and 1923. The only way
to escape these additional internal
taxes, to an aggregate amount of
between \$200,000,000 and \$350,000,-
000 will be to make immediate cuts
in that amount in current expendi-
tures.

Simplify Method.

"5. Adopt necessary administra-
tive amendments to the revenue act
in order to simplify its administra-
tion and make it possible, among
other things for the Commissioner
of Internal Revenue, with the ab-

Heads Marine Union's Strike



PORT OF NEW YORK IN GRIP OF VIRTUAL MARINE WALK-OUT

Strike Call Answered by
Workers Before End
Of Grace Period.

NEW YORK, May 1.—Although
no actual general walk-out of ma-
rine workers has so far followed
the strike order, effective last mid-
night, the port of New York is vir-
tually in the grip of a strike. Labor
leaders say that by midnight to-
night it will be completely tied up.
They say not a ship will put to sea
following the completion of the
twenty-four hours' grace allowed
by the men.

Ignore Grace Period.

Hundreds of seafaring men, how-
ever, ignored the proposed twenty-
four-hour period between the sound-
ing of the strike call and the ac-
tual quitting of posts and are al-
ready out. In sympathy with the
strikers, it is reported that more
than 500 marine engineers have vol-
untarily quit their jobs. They are
prevented from actually striking by
a proviso in their licenses.

Union Leaders Tonight.

Union leaders tonight declared
that reports brought to them dur-
ing the day indicated the strike call
had been highly successful.
Meetings were held all day at
headquarters of all the affiliated
unions.

Furuseth Tells of Progress.

Seamen at all Atlantic ports are
leaving their ships in protest
against wage reductions, according
to Andrew Furuseth, president of
the International Seamen's Union.
Furuseth, who has received, he
said, showed that a complete walk-
out is in progress, which will par-
alyze shipping. Working agreements
have expired. Furuseth explained,
and the men are refusing to sign
contracts containing a 15 per cent
wage reduction.

The Outcome of this Dispute.

"The outcome of this dispute may
determine whether American ships
are to stay on the seas," said Furuseth.
"The men are refusing to ac-
cept lower wages."

Secretary of Labor Davis and Secretary of Commerce Hoover.

Secretary of Labor Davis and Sec-
retary of Commerce Hoover are
studying the situation for the Presi-
dent, and some Federal action may
develop. Admiral Benson is opposed
to intervention by the President.

One Woman's Story.

"One woman's story, Mary
grew thirder and forgot her
self. 'Please, teachers, may I
have some water?' Mary's
words had slipped out 'inad-
vertently, but the game was up
for the little girl."

COST AND WAGE LEVELS RETARD NEW NORMALCY

Federal Reserve Report
Reveals Cause for
High Prices.

RETAIL RATES FAIL TO TAKE DUE DROPS

Start of Better Feeling in
Business Seen by
Experts.

Unyielding retail prices, rela-
tively high cost of coal, steel, and
other important requisites of pro-
duction, high freight rates, and the
continuing high level of wages, are
the chief factors retarding that "re-
turn to normalcy" which President
Harding is striving to accomplish.

This is the opinion of the Federal

Reserve Board after surveying the
financial and general business con-
ditions in the country during April.
Hope Not Realized.
The expectation that the spring
of 1921 would usher in complete
business recovery, the board finds
unrealized. It is difficult to foresee
when the process of readjustment
will culminate, but an improved
feeling is beginning to materialize
in the business world. The board
finds that wholesale prices were
more stable in April. Buyers "are
showing an increasing disposition to
regard present price levels as a sat-
isfactory basis for dealings."

Wage Readjustments vary

according to localities, industries, and
groups of labor. They have been
greater among unskilled workers
and those not possessed of a strong
trade organization, and especially in
sections of the country whose in-
dustries have felt in a peculiarly
high degree the effects of readjust-
ment.

Price Reduction Unseen.

Extreme unevenness of price re-
ductions is one of the striking fea-
tures of the present financial situa-
tion, according to the board. Pre-
war prices, or something approach-
ing them, exist in many lines of
wholesale. At the same time, in
other lines commodities are being
sold at twice—or even more than
twice—1918 values. The same un-
evenness exists in extreme cases
between prices of raw materials and
finished goods in the same indus-
try.

In the case of raw cotton, for in-

stance, both Egyptian and Ameri-
can, the present level is lower than
the average for 1913. Although cer-
tain grades of South American
wool are below the 1913 average,
wool prices, which have been ap-
proaching a third higher than be-
fore the war, finished materials in
these two lines, however, have
not been reduced as much as the
raw materials. An average of three
leading grades of cotton shows
present prices to be at least
20 per cent higher than before the
war and a woolen cloth of standard
type is now selling at approxima-
tely twice as much as in 1913.

Leather Much Lower.

The discrepancy between the
prices of raw and manufactured
goods in the hide and leather in-
dustry is even more extreme. An
average of leading grades of do-
mestic and foreign skins shows the
present level of prices to be ap-
proximately one third higher than
before the war. Shoe prices, on the
other hand, would seem to be about
twice as high as in 1913.

Except in the case of wheat and

rye, prices of leading cereals closely
approach prewar levels. In spite of
this, however, the trend of the mar-
ket recently has been continually
downward. Prices of livestock and
meat, on the other hand, although
at a level at least 10 per cent above
prewar prices, have been showing
considerable strength during recent
months. There has, however, re-
cently been a downward movement
in some of the meat products.

PASTOR DELIVERS

SERMON BY RADIO

WOLLASTON, Mass., May 1.—What
is believed to be the first sermon
ever delivered by radio was de-
livered today by the Rev. Dr. J. S. Sneath,
of the Wollaston Congrega-
tional Church.

Two wireless operators, members

of the church, radiated a 200-word
sermon while amateur operators
throughout New England "listened
in."

Rev. Dr. Sneath urged that his

hearers follow the teachings of
Christ. He called attention to the
fact that next Sunday would be
Mother's Day.

Dr. Sneath plans to deliver wire-

less sermons each Sunday.

PAPER SAYS GREEK

KING READY TO QUIT

ATHENS, May 1.—Premier Gounaris
is expected to leave for London
in a few days to negotiate with
the allies for the abdication of
King Constantine, according to a
newspaper here today.

Gounaris, who is now visiting in

Smyrna, was said to be prepared to
arrange terms for the abdication
of the King has retained the throne
to which he was elected and defied
attempts of the allies to oust him.

Governor Gives Wilson

Right to Practice Law

ALBANY, N. Y., May 1.—Woodrow
Wilson can practice law in New York
State any time he wants to hang
out his shingle.

The former President has been

made a member of the New York
bar by a special bill passed by the
assembly, which Governor Miller
announced today that he had signed.

Heads G. O. P. Senate Body



Illinois Senator who has been
selected chairman of the Republi-
can Senatorial Committee. An-
nouncement to this effect was
made yesterday by Senator
Lodge, of Massachusetts, Republi-
can leader of the Senate. This
committee will co-operate with
the Republican National Com-
mittee and the Republican Con-
gressional Campaign Committee in
any by-elections which may
occur between now and Novem-
ber.

MAY DAY PASSES WITHOUT REVOLT PROMISED BY REDS

New York, Chicago and
Paris See Quiet Cele-
brations by Radicals.

NEW YORK, May 1.—Aside from
a meeting which attracted 2,000
people, of whom about one-fifth
were police and Department of Jus-
tice men, to the Lexington Opera
House to hear a delirious pink
speech by Harry Watson, May Day
was just the first day of May in
New York.

No arrests were reported.

The great May Day revolt, heralded
in literature seized by the police
when they arrested John Edward
Selbert, Israel Amster and Abram
Jackira, was not noticeable in New
York.

The trio were held in default of

\$50,000 bail each, for examination
on charges of circulating doctrine
advocating the overthrow of the
government.

Quiet in Chicago.

CHICAGO, May 1.—Chicago's
forecast "May Day revolution"
didn't happen.
For the first time in several
years 20,000 workers paraded Chi-
cago streets in a celebration of "in-
ternational labor day," but no dis-
order occurred.

The police reports for the day

showed several thousand reserves
on duty, half a dozen radicals, some
radical literature seized and one or
two red flags displayed, confiscated.

Paris Keds Quiet.

PARIS, May 1.—The almost un-
precedented calm and quiet which
characterized May day in Paris has
astounded the nation. In place of
the 15,000 militant radicals who
were registered at the Central La-
bor Bureau a year ago, scarcely
1,000 were on the rolls Sunday.

The French capital passed the

May 1 in twenty years, with no
meeting, no parades, no riots
marked the holiday.
Squads of policemen on bicycles,
and platoons of mounted police oc-
casionally swept through the streets
but there was nothing for them to
do.

Parisians were quite evidently

more interested in their new straw
hats than they were in overturning
the third republic.

GEESSE EDUCATED

TO FISH FOR MAN

Louisiana Planter Trains
Birds to Get Kind
He Calls For.

NATCHEZ, Miss., May 1.—J.

T. Kerr, a prominent planter of
Concord Parish, La., has a pair
of trained wild geese fully equal
in intelligence to the famous
hunting dog of Col. Tucker Gib-
son, the noted big-game hun-
ter of Natchez.

Kerr has just taught the geese

to fish. He declares that, as
they already know how to swim
and dive, it was only necessary
to impress on them to catch the
fish and bring them to the boat
which he rows alongside.

His greatest trouble, Mr. Kerr

said, was teaching the geese to
discriminate in the kind of
fish. He only wanted perch, bass
or trout. He declares that this
difficulty has been overcome, and
that he is prepared to give dem-
onstrations any time.

War Cross for French Towns.

PARIS, May 1.—Accompanied by
Raymond Poincare, former president
of the French republic and now sen-
ator from the Meuse district, M.
Magniot, minister of pensions, today
conferred upon the towns of Mont-
faucon, Dun-sur-Meuse, and Stenay,
the Croix de Guerre.

HOUSE LIKELY TO HASTEN ITS PEACE ACTION

American Foreign Policy
Awaits Decision on
Reparations.

ALLIES MAY AFFECT PLANS FOR TREATY

Recognition of Hughes'
Contention Would Aid
Senate's Task.

The House this week is expected
to adopt the Knox peace resolution,
ending the technical state of war
with Germany. The measure then
goes to the President for his signa-
ture, which has been assured.
Representative Porter, chairman
of the Foreign Affairs Committee,
has offered a resolution, phrased
more simply, which will be brought
up, but House leaders expect to put
through the Knox resolution, with
a minimum of debate. When the
resolution becomes law, President
Harding and Senators will turn
their attention to the negotiation
of a treaty with Germany.

Opposes French Plans.

The hand of the American State
Department, directly or indirectly,
appears to have figured in the allied
reparations game at London.
This government is in the Anglo-
Italian "corner," which has stood
for a postponement of the French
occupation of the Ruhr. The pos-
ition of the administration, strongly
supported by Italy and almost as
strongly sympathized with by Eng-
land, has been and still is that mea-
sures which might prostrate Ger-
many's ability, and influence her
willingness to pay the reparations
justly due from her, would only
serve to further confuse the present
difficult situation.

See Hope of Solution.

Reports here indicate that, while
the French will begin mobilizing at
once for further advances into Ger-
man territory, the actual troop
movements will not begin for at
least seven days. This is regarded
here as a distinct basis for hope
that in the interim a solution of the
reparations problem will have been
effected, such as to make additional
coercive measures against Germany
unnecessary.

These next seven days will be im-

portant not only in regard to the
final decision in the reparations
struggle but also in the effect that
decision may have upon the future
course of the administration's for-
eign policy. Within that time the
concurrent resolution for a declara-
tory treaty with Germany will prob-
ably have been passed by the House,
and may even have been signed by
President Harding, leaving the sub-
ject of a treaty of peace with Ger-
many the next question in line.

Lodge Will Push Treaty.

Senator Lodge has announced
that as soon as the declaratory
peace has been effected, the treaty
will be taken up. He makes his an-
nouncement at a time when the
allies are deciding between individ-
ual coercive action, which this gov-
ernment opposes, and a declaration
of war, which would lead to a
tragedy and a settlement of the repara-
tions impasse, which this govern-
ment supports.

The allies wish American partici-

pation in carrying out the provi-
sions of the treaty of Versailles.
This government has taken the po-
sition that it is not willing to be
a participant in the economic
readjustments under the treaty but

CONTINUED ON PAGE TWO

PERU'S PRESIDENT EXTENDS TYRANNY

Seizes Newspapers and Sells
Post and Telegraph
Rights.

By J. W. WHITE.

BUENOS AIRES, May 1.—Meager
news from Peru confirms reports
that the tyrannical President Leguia's
dictatorship no longer is
confined to Lima, but has spread
throughout the country.
El Herald, at Arquesip, the
most important newspaper of Peru,
outside Lima, has been forcibly
seized. Armed forces ejected the
personnel in the same manner as
was done when La Prensa, Lima's
most important paper, was seized.
Alberto Seguin, director of El Her-
aldo, has been exiled.

The Leguia regime is pressed

hard for funds and is beginning to
use violence to obtain money. Senor
Coloma, La Prensa's business man-
ager, has been placed under arrest
for refusing to surrender the news-
paper's funds.

Banking circles fear Leguia's con-

fiscatory measures will extend to
the financial institutions. Already
Leguia has intimated that he will
force loans if the banks continue
refusing voluntary loans. Leguia
says the loans are necessary to per-
mit a "dignified celebration of the
centennial of Peruvian independ-
ence."

A smuggled newspaper reaching

Buenos Aires today states that
Leguia has sold the postoffice, tele-
graph and wireless services of the
nation to a private corporation at a
concession, for which it pays cash
and tries to operate for private
gain.

Ship on Fire at Sea.

NEW YORK, May 1.—The

scholar C. W. Mills, bound for Ha-
vana with a cargo of lumber, is
afire at sea, according to a report
received by the Naval Communica-
tions Bureau here tonight. There is
no sign of the crew, it was said.

BRIAND DETERMINED TO PUSH PENALTIES AGAINST GERMANY

French Premier Says Mobilization Must
Start Regardless of Conference or New
Offers from Foe.

(Special Cable to Washington Herald and United News.)

By HUDSON HAWLEY.

PARIS, May 1.—"I have decided that the penalties for Ger-
many's failure to live up to the terms of the Versailles agreement
shall start from today," Premier Briand declared before entering
into this afternoon's conference in London, according to reports
from the British capital.

"By that I mean that the necessary mobilization is to be ordered
tonight. If within the eight days which will be necessary to com-
plete the preparations for occupying additional German territory,
new propositions are made by Berlin, we will decide whether to
listen to her or not.

"By new propositions, I mean absolute acceptance of the fig-
ures of the reparations commission and acceptance of the allies'
plans for payment thereof. Furthermore, the Germans must give
guarantees if they want their propositions considered. The guaran-
tees will include a percentage of their exports, surveillance of their
customs, and other similar agreements. No other solution is pos-
sible."

It is understood that the French premier intends to press to a
conclusion at the conference Germany's failure to disarm and her
dereliction in other parts of the treaty.

Three Sets of Reparation Figures Confuse Question

Commission Gives Official Basis Under Treaty.
Simonds Considers \$20,000,000,000
Satisfactory to France.

By FRANK H. SIMONDS.

While the whole question of Ger-
man reparations has passed from
the field of economics to the domain
of high politics and the decisions
taken at London will unmistakably
be influenced materially, if not de-
cisively, by political factors, it is
essential now to emphasize that a
fresh element has entered into all
calculations. By the report of the
reparations commission, made to the
supreme council on Saturday, a new
and official figure of the sum total
to be demanded of Germany is fur-
nished.

Under the treaty of Versailles it
was the duty of the commission to
work out the sum that Germany
ought to pay and until its report
was made no official figure was in
existence, although we had a min-
imum supplied by the treaty itself,
which amounted to \$26,000,000,000
subject to such additions as the
reparations commission might de-
termine.

Three Figures Named.

As it stands now we have three
sets of figures to confuse and com-
plicate a discussion already bewild-
ering beyond all simplification. Con-
cisely stated these three figures are
as follows: First, the sum of all
reparations as named by the repara-
tions commission, namely, \$24,000,-
000,000, which would mean that
Germany would undertake to dis-
charge a capital sum of this amount
in the form of a 4 per cent annu-
ity, and interest, \$96,000,000,000,
or an average annual payment of \$2,-
400,000,000.

The second figure is that agreed
upon by the British and French at
the London conference in March and
repeated by the Germans. This re-
presented a capital sum of \$21,000,-
000,000, which would mean on the
forty-two-year period of approxi-
mately \$1,223,223,223.23 and a total
payment of \$56,000,000,000. But to
this was added a 12 per cent export
trade tax, whose yield was plainly
wholly conjectural.

German Offer \$10,000,000,000.

The third figure is the German
proposal made through Secretary
Hughes, which amounted to a capital
sum of \$10,000,000,000, a total pay-
ment of approximately \$27,000,000,-
000, and an annual installment of
the forty-two-year period of ap-
proximately \$650,000,000. It will be
seen at once that the German offer
represents less than a third of the
sum fixed by the reparations com-
mission.

Perhaps the best way of empha-

size the disparity between what
the reparations commission demands
and the Germans offer, is to indicate
the French share. Under the com-
mission's estimate, the French would
CONTINUED ON PAGE THREE

VIRGINIAN